

107TH CONGRESS  
1ST SESSION

# H. R. 1657

To amend the Internal Revenue Code of 1986 to extend and modify the credit for electricity produced from biomass, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 1, 2001

Mr. HERGER (for himself, Mr. MATSUI, Mr. FOLEY, Mr. RAMSTAD, Mrs. THURMAN, Mr. JONES of North Carolina, and Mr. PETERSON of Minnesota) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to extend and modify the credit for electricity produced from biomass, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Biomass Energy Eq-  
5 uity Act of 2001”.

1 **SEC. 2. CREDIT FOR ELECTRICITY PRODUCED FROM BIO-**  
2 **MASS.**

3 (a) EXTENSION AND MODIFICATION OF PLACED-IN-  
4 SERVICE RULES.—Paragraph (3) of section 45(c) of the  
5 Internal Revenue Code of 1986 is amended—

6 (1) by striking subparagraph (B) and inserting  
7 the following new subparagraph:

8 “(B) CLOSED-LOOP BIOMASS FACILITY.—

9 In the case of a facility using closed-loop bio-  
10 mass to produce electricity, the term ‘qualified  
11 facility’ means any facility—

12 “(i) owned by the taxpayer which is  
13 originally placed in service after December  
14 31, 1992, and before January 1, 2007, or

15 “(ii) owned by the taxpayer which is  
16 originally placed in service on or before  
17 December 31, 1992, and modified to use  
18 closed-loop biomass to co-fire with coal be-  
19 fore January 1, 2007.”,

20 (2) by striking “2002” in subparagraph (C)  
21 and inserting “2007”, and

22 (3) by adding at the end the following new sub-  
23 paragraphs:

24 “(D) BIOMASS FACILITIES.—In the case of  
25 a facility using biomass (other than closed-loop  
26 biomass) to produce electricity, the term ‘quali-

1           fied facility’ means any facility owned by the  
 2           taxpayer which is originally placed in service be-  
 3           fore January 1, 2007.

4           “(E) SPECIAL RULES.—In the case of a  
 5           qualified facility described in subparagraph  
 6           (B)(ii) or (D)—

7                   “(i) the 10-year period referred to in  
 8                   subsection (a) shall be treated as beginning  
 9                   no earlier than the date of the enactment  
 10                  of this paragraph,

11                   “(ii) subsection (b)(3) shall not apply  
 12                   to any such facility originally placed in  
 13                   service before January 1, 1997, and

14                   “(iii) if such a facility is leased and  
 15                   the operator thereof is the lessee, such les-  
 16                   see (and not the owner) shall be treated  
 17                   for purposes of this section as owning such  
 18                   facility.”

19           (b) BIOMASS FACILITIES.—

20                   (1) IN GENERAL.—Section 45(c)(1) of the In-  
 21                   ternal Revenue Code of 1986 (defining qualified en-  
 22                   ergy resources) is amended—

23                           (A) by striking “and” at the end of sub-  
 24                           paragraph (B),

1 (B) by striking the period at the end of  
2 subparagraph (C) and inserting “, and”, and

3 (C) by adding at the end the following new  
4 subparagraph:

5 “(D) biomass (other than closed-loop bio-  
6 mass).”.

7 (2) BIOMASS DEFINED.—Section 45(c) of such  
8 Code (relating to definitions) is amended by adding  
9 at the end the following new paragraph:

10 “(5) BIOMASS.—The term ‘biomass’ means any  
11 solid, nonhazardous, cellulosic waste material which  
12 is segregated from other waste materials and which  
13 is derived from—

14 “(A) any of the following forest-related re-  
15 sources: mill residues, precommercial thinnings,  
16 slash, and brush, but not including old-growth  
17 timber,

18 “(B) solid wood waste materials, including  
19 waste pallets, crates, dunnage, manufacturing  
20 and construction wood wastes (other than pres-  
21 sure-treated, chemically-treated, or painted  
22 wood wastes), and landscape or right-of-way  
23 tree trimmings, but not including municipal  
24 solid waste (garbage), gas derived from the bio-

1 degradation of solid waste, or paper that is  
2 commonly recycled, or

3 “(C) agriculture sources, including orchard  
4 tree crops, vineyard, grain, legumes, sugar, and  
5 other crop by-products or residues.”.

6 (c) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to electricity sold after the date  
8 of the enactment of this Act.

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